



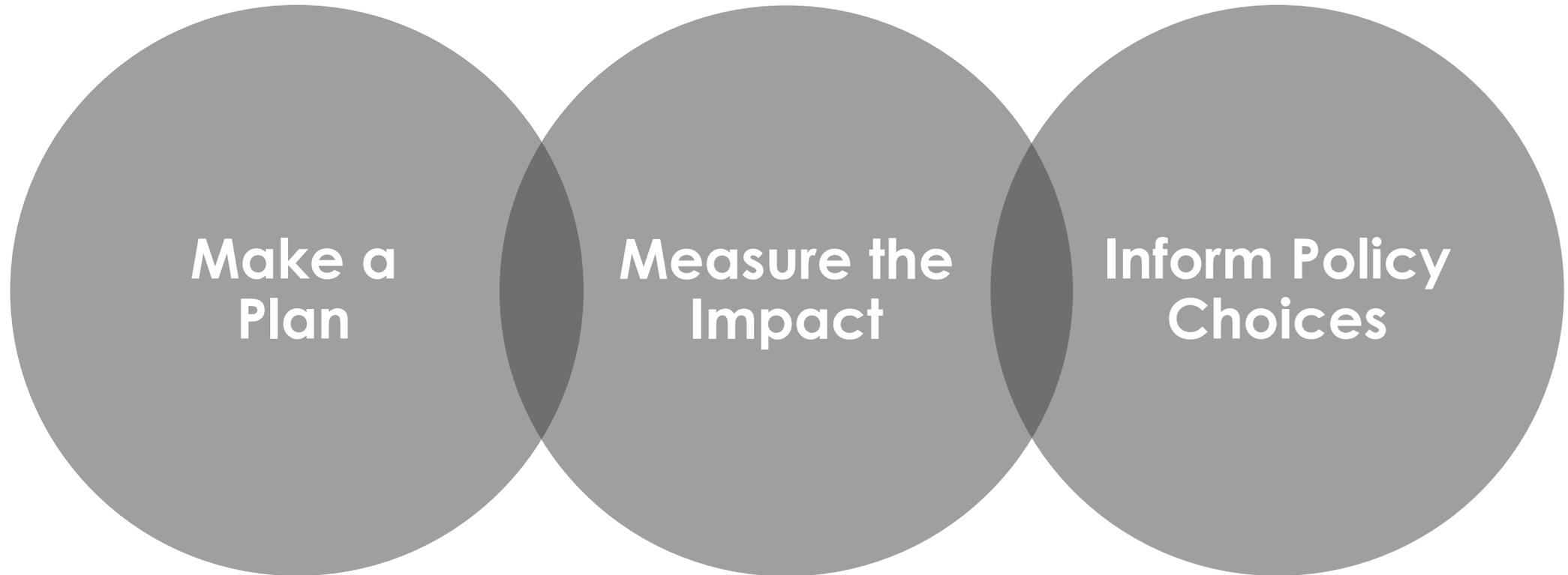
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A photograph of the Utah State Capitol building at dusk. The building is illuminated with blue lights, and the sky is a deep blue. The central dome is prominent, and the words "STATE OF UTAH" are visible on the pediment above the columns. An American flag is visible on a tall pole to the right of the building.

EVALUATING INCENTIVES

EVALUATING INCENTIVES: BEST PRACTICES



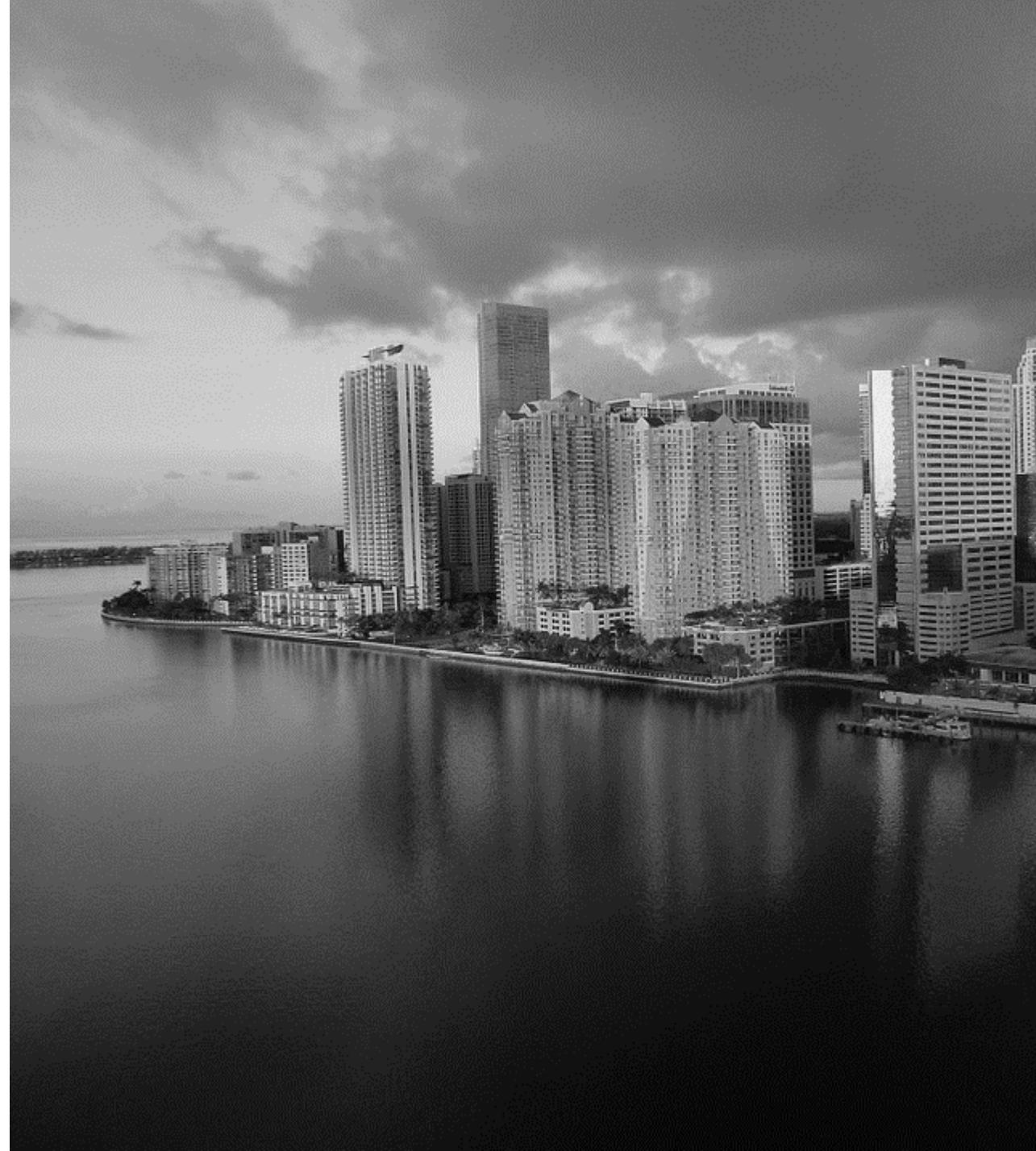
MAKE A PLAN

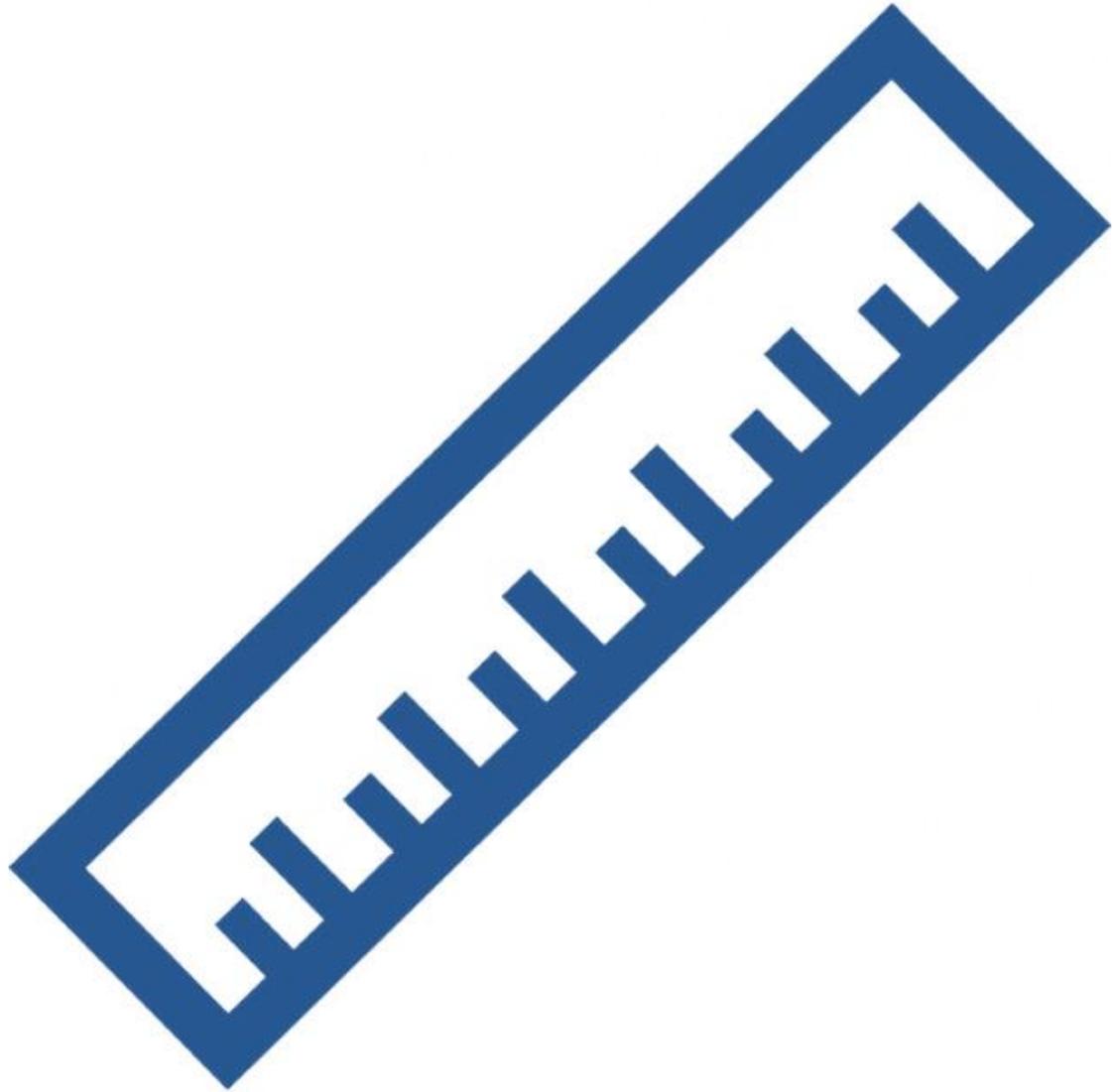
- **Strategically scheduled regular evaluations**
- **All incentives evaluated**
- **Nonpartisan analysis**



MAKE A PLAN: CASE STUDIES

- **Florida:** Includes all incentives
- **Oklahoma:** Evaluation Commission
- **Washington:** Strategic schedule





MEASURE THE IMPACT

- How incentives change behavior
- Impact on non-incentivized businesses
- Opportunity cost



MEASURE THE IMPACT: CASE STUDIES

- **Washington:** Compares incentives to alternatives
- **Indiana:** Compares incentives to business costs
- **Mississippi:** Includes impact on existing businesses
- **Nebraska:** Identified evaluation metrics

INFORM POLICY CHOICES

- **Formal process for considering evaluations**
 - Required hearings
 - Sunset provisions



INFORM POLICY CHOICES: CASE STUDIES

- **Oregon:**
Mandatory sunset
- **Oklahoma:**
Includes executive agencies
- **Washington:**
Outlines goals for new incentives





2016 LFA Recommendations:

- 1) Articulate clear purposes and goals
- 2) Establish common definitions
- 3) Set baselines and targets and collect observations
- 4) Address data limitations
- 5) Create a 3 to 5 year review cycle

MAKE A PLAN: UTAH

- Revenue and Taxation Interim Committee review
- 3 year cycle
- Tax credits only





MEASURE THE IMPACT: UTAH

- **Cost of the tax credit to the state**
- **Purpose and effectiveness of the tax credit**
- **Extent to which the state benefits from the tax credit**

INFORM POLICY CHOICES: UTAH

- **Rev/Tax**
recommends
whether to
continue, modify,
or repeal credits
- **Ad hoc sunset**
provisions





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